



Asian Development Bank

**Compliance
Review
Panel**



Accountability Mechanism

2008 Annual Report





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Abbreviations

ADB	-	Asian Development Bank
AM	-	Accountability Mechanism
BCRC	-	Board Compliance Review Committee
CRP	-	Compliance Review Panel
IFI	-	international financial institution
OCRCP	-	Office of the Compliance Review Panel
OSPF	-	Office of the Special Project Facilitator
PAK	-	Pakistan
SPF	-	Special Project Facilitator
SRI	-	Sri Lanka
STDP	-	Southern Transport Development Project

Reflections

Upon completion of my 5-year term in December 2008 as the first Chair of ADB's Compliance Review Panel (CRP), I would like to offer some reflections on what I see as the major strengths and challenges for the CRP and for ADB's Accountability Mechanism (AM). These reflections complement other lessons learned since 2004.

The ADB Accountability Mechanism, established in December 2003, has two unique features: the separation between the consultation phase and the compliance review phase, and the annual monitoring of the Board-approved remedial actions proposed by the CRP. In my view, these are strengths.

Throughout my tenure as CRP Chair, I have been concerned as to whether the AM is only used as an avenue to ventilate complaints to seek compensation, rather than as an effective means to address noncompliance with ADB's policies and procedures.

Since 2004, 12 cases have been filed under the AM. However, only two cases reached the CRP. Given the number of cases filed, it may be argued that the AM was used effectively to resolve complaints by addressing problem-solving through the Special Project Facilitator. Understandably, affected people may be more interested in fair compensation for having suffered negative impacts from ADB projects and less interested in compliance. However, for me a question remains as to whether the AM does adequately respond to the fundamental issue of allegations of noncompliance.

A related concern is whether the AM is user friendly, affordable, and accessible. From conversations with various parties, it became clear to me that filing a separate request for compliance review, in addition to the request for consultation on conflict resolution, is time consuming and costly. One solution would be to revise the policy to allow affected people to file only once for both phases, so as to make the AM more efficient and accessible by simultaneously identifying potential compliance problems at the time of first filing.

Looking back over the last 5 years, compliance is obviously linked to transparency. Just as transparency in all phases of the project cycle is key to achieving compliance, the same is true for monitoring the implementation of remedial actions under the AM. When there is transparent interaction among ADB staff, executing agency staff and affected people, experience shows that compliance is achievable. However, ADB's challenge is to institutionalize this culture of transparency, compliance and accountability in all its operations.

As an international finance institution, ADB must continue to support the AM, including both a consultation phase and a compliance review phase. This is an essential component of good governance as a means to increase development effectiveness. Support from the Board and Management for the CRP's work on compliance review and monitoring has been crucial, demonstrating ADB's commitment to greater accountability. This support must continue.

I wish to express my sincere gratitude to the Board members, particularly the Board Compliance Review Committee, ADB Management, executing agencies, NGOs, requesters and the Office of the Compliance Review Panel for their support to the CRP during my tenure as Chair, CRP.



Augustinus Rumansara
Outgoing Chair
Compliance Review Panel

Introduction

This Annual Report of the Compliance Review Panel (CRP or Panel) highlights CRP's activities and lessons learned from 1 January to 31 December 2008. This report was prepared in accordance with the Asian Development Bank's (ADB's) policy on its Accountability Mechanism¹ and the Operating Procedures of the Compliance Review Panel.² As such, this report deals with current claims for compliance review before the Panel, it summarizes the activities of the Panel during 2008, it outlines the Panel's monitoring process and provides information on the CRP budget, and cites lessons emerging from the past year.

Overview

During 2008, the Panel has continued to pursue its mandate, primarily through the ongoing monitoring of its two compliance review cases—the Chashma Right Bank Irrigation Project (Stage III) in Pakistan, and the Southern Transport Development Project (STDP) in Sri Lanka—and through its outreach activities. With support from the Office of the Compliance Review Panel (OCRCP), the Panel in particular embarked on a wide program of both external outreach (which included regular interaction with both civil society organizations [CSOs] and nongovernment organizations [NGOs]) and interaction with ADB staff. In 2008, CRP and OCRCP continued to share knowledge with the accountability offices in other international financial institutions (IFIs). Such regular liaison helps to keep ADB's Accountability Mechanism at the forefront of accountability systems. Importantly, OCRCP staff also participated in a number of consultations in 2008 to update ADB's safeguard policies.

There were two major events in 2008 that will have a bearing on the compliance review process at ADB in the future: the adoption of ADB's new long-term strategy—Strategy 2020—and the emergence of the global financial crisis.

Strategy 2020 was a major milestone for ADB and will affect ADB's operations over the next decade. As such, it is expected that Strategy 2020 will have a bearing on the Accountability Mechanism. For example, the focus on accountability, participation, predictability, and transparency adopted in Strategy 2020 means that these elements of good governance (one of the main drivers of change at ADB) will highlight the increasing importance of ADB's Accountability Mechanism. Moreover, Strategy 2020 anticipates a scaling up of ADB's operations in the future including a significant increase in the proportion of resources directed to private sector operations to a level of up to 50% of ADB operations by 2020. As such, there might be a corresponding increase in complaints and requests for compliance review from people affected by ADB projects, and as the experiences of other IFIs demonstrate, this may be particularly so in relation to private sector operations in areas such as infrastructure projects as stakeholders seek recourse through accountability and compliance systems.

It may also be expected that the global financial crisis that emerged so dramatically in 2008 and did not spare the Asia-Pacific Region will affect compliance and accountability systems including those in IFIs. Almost certainly this crisis will mean that higher standards and a better articulation of corporate governance, including compliance and accountability, will figure as important elements of corporate behavior in the future. Therefore, this crisis argues for a strong and effective accountability mechanism at ADB.

In 2008, there were several changes in the membership of CRP and the staffing of OCRCP. On 21 July 2008, a new panel member, Ms. Anne Deruyttere, was appointed to CRP via a competitive selection process. Ms. Deruyttere's 5-year term will end in July 2013. On 13 December 2008, CRP Chair Mr. Augustinus Rumansara completed his 5-year appointment. On 15 December 2008, Mr. Bruce A. Purdue replaced Mr. C.R. Rajendran as Secretary of the Panel and concurrently Secretary of the Board Compliance Review Committee (BCRC).

¹ ADB. 2003. *Review of the Inspection Function: Establishment of a New ADB Accountability Mechanism* (R79-03, dated 8 May 2003), paragraph 131.

² CRP. 2004. *Operating Procedures for the Compliance Review Panel* (dated 5 June 2004), paragraph 65.

Box 1: Asian Development Bank Accountability Mechanism at a Glance

In 2003, ADB adopted an accountability mechanism that consists of two phases: the consultation phase managed by the Special Project Facilitator (SPF) who reports directly to the ADB President and the compliance review phase administered by Compliance Review Panel (CRP) assisted by Office of the Compliance Review Panel (OCRCP). CRP is a three-member, independent, and external body reporting to ADB's Board of Directors.

Consultation Phase. To seek acceptable solutions and outcomes, affected people with specific complaints attributable to ADB-assisted projects have recourse to the consultation phase through a number of informal, consensus-based methods, based on the participation of concerned parties. This phase is managed by the SPF assisted by the Office of the Special Project Facilitator (OSPF). See www.adb.org/spf.

Compliance Review Phase. Affected persons who have pursued solutions through the consultation phase (or through ADB Board members in certain instances) may seek recourse at CRP in respect of complaints of direct, material harm caused by ADB's failure to comply with its own policies, procedures, or regulations. If a complaint is eligible, CRP will conduct an investigation as to whether any harm in the area covered by an ADB-financed project has been or may be caused by noncompliance, and if so, recommend remedial actions directly to ADB's Board of Directors. CRP will monitor remedial actions for compliance with those recommendations for a period of up to 5 years. CRP operating procedures and activities may be accessed at www.compliance.adb.org.

Board Compliance Review Committee. ADB's Board of Directors authorizes the CRP to investigate allegations of noncompliance and approves proposed remedial actions recommended by CRP. This work is spearheaded by the Board Compliance Review Committee (BCRC), a standing committee of the Board. BCRC clears the terms of reference and time frame for conducting each compliance review and reviews the draft monitoring reports on compliance cases before they are finalized by CRP.

Accountability Mechanism: Procedural Aspects. A complaint may be filed by any group of two or more persons in a borrowing country where the ADB-assisted project is located or in a member country adjacent to the borrowing country; a local representative of the persons affected; or a nonlocal representative in exceptional cases where local representation cannot be found and the CRP agrees; or any one or more members of ADB's Board of Directors. Complaints may be filed with CRP for ongoing projects only after raising their concerns first with Management. The complainants, except for members of the Board of Directors, have to address their complaints to the SPF first. If the complaint is found ineligible by SPF, or if the complainants find the consultation not purposeful, or if the consultation is at an advanced stage and there are concerns on compliance issues, the complainants may file a request for compliance review.

A request for compliance review must be in writing and specifically addressed to the "Secretary CRP." After registering the complaint, CRP will examine the eligibility of the request and will inform the requester of its decision. The CRP activities include receiving and registering requests for compliance review, assessing the eligibility of requests, preparing a plan to undertake a review of a particular request, undertaking the review, preparing reports that include recommendations and remedial measures to bring projects back into compliance, and monitoring the implementation of Board-approved remedial actions.

CRP activities are guided by five principles: enhance ADB's development effectiveness and project quality; be responsive to the concerns of project-affected people and be fair to all stakeholders; reflect the highest professional and technical standards in its staff and operations; be independent and as transparent as possible; and be cost effective, efficient, and complementary to other supervision, audit, quality control, and evaluation systems in ADB.

ADB Compliance Review Process

CONSULTATION PHASE

- If complaint is found ineligible by SPF, the complainant can file a request for compliance review
- If the complainant finds the consultation process not purposeful, the complainant may file a request for compliance review
- If the complainant finds the consultation process purposeful but has serious concerns on compliance issues, the complainant may file a request for compliance review

COMPLIANCE REVIEW PHASE

Step 1: Complainants/requesters file the request

Step 2: CRP acknowledges and registers the request

Step 3: CRP determines eligibility of the request

Step 4: Board authorize CRP to conduct compliance review

BCRC clears TOR and time frame for compliance review

Step 5: CRP conducts compliance review (including field visit)

Step 6: CRP prepares draft compliance review report

Step 7: Requesters and Management respond to CRP's draft report

Step 8: CRP finalizes the compliance review report with recommendations on remedial actions

Step 9: Board approves the recommendations

Monitoring of implementation of remedial actions approved by the Board

BCRC reviews CRP monitoring reports

Board member submits request for compliance review

No New Complaints in 2008

The Panel did not receive any new eligible complaints in 2008: however, three individuals/groups approached OCRP and in some cases sought to initiate a compliance review. In each case, these alleged complaints were premature or otherwise ineligible for consideration by CRP at the time of submission. As a standard practice, OCRP responds to all such approaches and, as appropriate, provides details on the ADB Accountability Mechanism by sending copies of relevant outreach materials and offers to provide any further information that may assist correspondents in relation to their alleged claims. In at least one case, the correspondence was redirected by OCRP to OSPF to initiate the consultation process under the Accountability Mechanism.

Summary Of Activities In 2008

During 2008, CRP continued to monitor ADB's compliance with the Panel's recommendations in relation to two projects: the Chashma Right Bank Irrigation Project (Stage

III)³ in Pakistan (Box 2) and STDP in Sri Lanka (Box 3).⁴ Also, in conjunction with OCRP, CRP undertook the following additional activities: external outreach programs including with CSOs and NGOs; internal communications with ADB staff on the role and functions of CRP; liaison with comparable accountability offices in other IFIs; and participation in certain consultations relating to ADB's safeguard policy update. Monitoring and other activities are discussed in detail in the following sections.

Monitoring Activities

One of the important activities of CRP is to monitor the implementation of remedial actions resulting from a compliance review to bring a project back into compliance with ADB policies and procedures and to some extent to also remedy the problems faced by affected people. CRP annually issues a monitoring report for each compliance review case and discloses the report to the public mainly through its website. In 2008, CRP continued to monitor the imple-

³ Loan No. 1146-PAK(SF).

⁴ Loan No. 1711-SRI(SF).

Box 2: Summary of the Request on Chashma Right Bank Irrigation Project (Stage III) in Pakistan

The Chashma Project (Loan No. 1146-PAK [SF]), approved by the Board in December 1991, is the third phase of a scheme to irrigate 230,000 hectares (ha) of semi-arid, barren land in North-West Frontier and Punjab provinces by diverting water from the Indus River at the Chashma Barrage. The project is intended to provide irrigation and drainage facilities to about 135,000 ha of cultivable command area, increasing both crop and livestock production. Anticipated indirect benefits from the project include an improvement in the quality of water available for domestic use resulting in a reduction in waterborne diseases; improved transportation, communications, and access in the command area and its adjacent areas; and improved environmental conditions in the project area.

A request for inspection of the project was received in November 2002 under the previous Asian Development Bank (ADB) Inspection Function, and the Board authorized an inspection of the project in April 2003. In August 2004, the Board considered the Board Inspection Committee's Report and Recommendation on the Request for Inspection and approved its recommendations.

The Board mandated the Compliance Review Panel to monitor the implementation by ADB of the Board's decisions applying the relevant procedures of the ADB Accountability Mechanism and to report the results. In accordance with the Board's decision, ADB and the Government of Pakistan agreed on plans to implement the recommendations specific to the Chashma Project, and ADB specified the measures to be taken with regard to the general recommendations applicable to all ADB-assisted projects.

mentation of Board-approved remedial actions for the two projects mentioned above.

Monitoring the Chashma Right Bank Irrigation Project (Stage III) in Pakistan

The Panel continued to monitor the progress of the implementation of remedial actions for this project and fielded a mission to Pakistan from 4–12 August 2008. The Panel was not, however, able to visit the project site and talk directly to affected people as the request for the necessary security clearance was not granted. Therefore, the Panel prepared its 4th Annual Monitoring Report based on a review of documents and interviews with ADB staff at headquarters in Manila and at the Pakistan Resident Mission. The Panel also interviewed national and local government officials and staff and consultants in the project management unit.

The Panel concluded that of the 29 recommendations made, 20 had been fully complied with, seven recommendations had been partially complied with, and two had not been complied with. This represents significant

progress from the previous year during which eight had been declared as fully complied with, 18 partially complied with, and three not complied with. In this fourth monitoring mission, the Panel found that of the two recommendations that had not been complied with, the recommendation to award market value will not be achieved because the executing agency and the North–West Frontier Province government insisted on following the Gov-



Panel member Antonio La Viña and former CRP Associate Secretary Suresh Nanwani in a meeting with government officials in Pakistan

Box 3: Summary of the Request on Southern Transport Development Project (STDP) in Sri Lanka

The Southern Transport Development Project (STDP) was approved by the Asian Development Bank (ADB) Board in November 1999. The Project includes the construction of a highway of approximately 128 kilometers from Colombo to Matara, and national road safety components.

Prior to the involvement of ADB, the Road Development Authority (RDA) as the implementing agency had proposed a highway alignment called the “original trace.” In December 2004, the Compliance Review Panel (CRP) received a request for compliance review from the Joint Organization of the Affected Communities on Colombo–Matara Highway representing 25 requesters living in the project area. The requesters claimed that the ADB President’s Report and Recommendation to the Board and its attached documentation were for a trace known as the combined trace. The requesters claimed that at least 40% of the combined trace had been altered by RDA to a trace known as the final trace for which the required studies and consultations had not been done according to ADB policies. The requesters claimed they had suffered harm as a result of this noncompliance. The complaints included loss of homes, loss of livelihoods, damage to the environment, degradation of wetlands, dispersion of integrated communities, damage to five temples, negative effects of resettlement, and human rights violations. CRP found the request eligible, and the Board authorized an investigation.

In 2005, CRP visited the project area and held meetings with the requesters, affected persons, government officials, and officials from the Japan Bank for International Cooperation that was cofinancing highway construction. The Board approved CRP’s recommendations on actions to bring STDP back into compliance and mandated CRP to monitor the implementation of those recommendations and to report annually on the results.



Panel members Antonio La Viña and Anne Deruyttere discussing issues and observations with the project management staff and consultants of the Road Development Authority in Sri Lanka

ernment of Pakistan’s approach to determining land valuation. Therefore, CRP recommended that ADB bring the issue directly to the Government of Pakistan. The second recommendation that has not been complied with relates to the construction of the remaining flood carrier channels; compliance will be achieved once this construction is completed.

Monitoring the Southern Transport Development Project in Sri Lanka

To monitor the implementation of remedial actions to bring the project back into compliance, CRP carried out a mission to Sri Lanka from 12–18 November 2008. The monitoring mission included visits to the resettlement sites and to self-relocated affected persons as well as to other areas along the project highway. During the visit to Sri Lanka, several meetings were held with ADB staff at the Sri Lanka Resident Mission, with officials from the Government of Sri Lanka, with the project management unit and its consultants, and with the requesters and other project-affected people. The 3rd Annual Monitoring Report is now being reviewed by BCRC.

Outreach and Other Activities

Outreach

Outreach to disseminate information on compliance review as a critical function of ADB’s Accountability Mechanism continued to be one of CRP’s priority activities in 2008. This included both external outreach as well as internal communications with ADB staff.

External Outreach. The annual schedule of outreach missions was just one of several measures to provide adequate public information about the Accountability Mechanism. All public outreach missions in 2008 were held jointly with the SPF who is responsible for the management of the consultation phase of the Accountability Mechanism. In 2008, public outreach activities were carried out in Azerbaijan, Canada, India, Kazakhstan, USA, and Uzbekistan. Details of these activities are shown in Box 4.

The outreach mission in India comprised four sessions attended by over 60 participants from the government, the private sector, and NGOs. The Central Asia outreach mission was attended by over 110 participants, mostly staff from government and from NGOs. The outreach mission in North America (Ottawa and Washington) had a different focus as it was tailored more for the private sector and representatives from two institutional development partners. The program included briefings for staff of partner organizations such as the Canadian International Development Agency and the US Treasury Department. In addition, presentations were held in Washington and in Ottawa; each was attended by staff from other partner organizations, development institutes, research centers, and NGOs.

Internal Communications. Briefing sessions on the Accountability Mechanism including on compliance review took place during several learning and development programs for ADB staff and others (Box 5). Such programs included induction programs for new ADB staff, introductions for ADB interns, and a special session for staff from the Private Sector Operations Department. Through OCRP, CRP also conducted briefings on the Accountability

Box 4: Accountability Mechanism: Compliance Review Panel Outreach in 2008

Date	Venue	Participants
19–26 February	India	Government officials and staff of Asian Development Bank (ADB)-funded projects, and representatives from private sector and nongovernment organizations (NGOs) (Dehradun, Delhi, Jaipur, and Raipur)
11 April	ADB Headquarters, Manila	Interns from NGO Forum on ADB
8–9 September	Kazakhstan	Government officials and staff of ADB-funded projects, and representatives from private sector and NGOs (Astana and Shymkent)
12 September	Azerbaijan	Government officials and staff of ADB-funded projects, and representatives from private sector and NGOs (Baku)
15 September	Uzbekistan	Government officials and staff of ADB-funded projects, and representatives from private sector and NGOs (Tashkent)
16–17 October	Canada	Staff from development partner organizations, development institutes and research centers, and NGOs (Ottawa)
20–23 October	USA	Staff from development partner organizations, development institutes and research centers, and NGOs (Washington, D.C.)

Mechanism during orientation programs at headquarters for officials from developing member countries and ADB staff from resident missions.

Compliance Review Panel Meetings

During 2008, CRP held four meetings. The first was on 30 January 2008 in Manila to discuss the 2008 work program. The second was held in Tunis in June 2008 in conjunction with the 5th Annual Meeting of the Accountability Mechanisms. At this meeting, CRP reconfirmed its proposed work plan for the rest of the year and discussed the preparation of the 4th Annual Monitoring Report for the Chashma Project.

In September 2008, the third CRP meeting was held to finalize the draft of the 4th Annual Monitoring Report on the Chashma Project for submission to BCRC and to prepare for the monitoring mission to Sri Lanka later in the year for the 3rd Annual Monitoring Report on STDP. In conjunction with the September meeting, two new CRP members—Antonio La Viña and Anne Deruyttere—took the opportunity to participate in ADB’s induction program to gain a greater understanding of ADB systems, procedures, policies, and practices.

Box 5: Accountability Mechanism Sessions at ADB

Dates	Sessions
26 February, 22 May, 14–15 July, 28 August, and 25 November	Induction program for new Asian Development Bank (ADB) staff, introduction for ADB interns, special session for Private Sector Operations Department
9 October	ADB staff from resident missions and government officials from developing member countries

The last CRP meeting was held in Manila in December 2008 to discuss the draft of the 3rd Annual Monitoring Report for STDP and the interim working arrangements for the Panel from December 2008 until the appointment of a new CRP Chair. In conjunction with this meeting, CRP also held meetings with individual BCRC members at which the outgoing CRP Chair shared his experiences and insights during his tenure and exchanged views and advice with BCRC members on CRP’s future work includ-

Part of the Colombo–Matara Highway being constructed under the Southern Transport Development Project in Sri Lanka



ing its working arrangements until the new chair was appointed and issues that may be raised in a review of ADB's Accountability Mechanism.

The Fifth Annual Meeting of Accountability Mechanisms of International Financial Institutions

The accountability mechanisms of international financial institutions (IFIs), such as the International Finance Corporation, World Bank, African Development Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, and those of bilateral financial institutions, such as Japan Bank for International Cooperation, Nippon Export and Investment Insurance, and Overseas Private Investment Corporation, have met annually since 2004 to share experiences and exchange information.

On 24 and 25 June 2008, the 5th Annual Meeting of the Accountability Mechanisms of the IFIs was held in Tunis hosted by the African Development Bank. All CRP members and CRP Secretary and Associate Secretary participated in this meeting. ADB's Accountability Mechanism was also represented by OSPF. CRP commented at the meeting on lessons that have been learned in rela-

tion to the Accountability Mechanism. OCRP also made a presentation on accountability challenges to be faced as IFIs begin shifting to using country systems in relation to safeguard policies. The meeting also considered challenges involved in monitoring the implementation of recommendations when compliance is reviewed in relation to projects cofinanced by a number of agencies. Based on the presentations at that meeting, the participants developed an outline of measures to evaluate the performance of an accountability mechanism based on a framework of accessibility, credibility, efficiency, and effectiveness.

Meetings with Civil Society and Other Stakeholders

To maintain contact with various networks, during 2008 CRP members and OCRP staff had several formal and informal meetings with groups such as the Bank Information Center and other NGOs in the Asia–Pacific region. CRP members also had several meetings with other institutions to learn directly from experiences with accountability mechanisms at the Overseas Private Investment Corporation, the International Finance Corporation, the Inter-American Development Bank, and the World Bank's Inspection Panel.

In 2008, OCRP staff participated in consultation workshops in Australia, India, Philippines, and Viet Nam dealing with ADB's safeguard policy update. The Secretary of CRP also attended ADB's Annual Meeting in Madrid in May 2008 and participated in a program for NGOs by providing a brief explanation on the Accountability Mechanism. These events have also provided a good opportunity for OCRP to respond directly and in person to questions from CSOs and NGOs on the Accountability Mechanism.

Managing the Compliance Review Panel Website

The CRP website (www.compliance.adb.org) continues to be an extremely powerful tool for disseminating information. In 2008, it received over 36,000 hits with the highest number (around 4,000) in July and August. Frequently accessed pages on the website include information on CRP, the Accountability Mechanism brochure, CRP Operating Procedures and the Panel members' pages.

Lessons Learned from 2008

Since the inception of the Accountability Mechanism, the compliance review phase administered by the Panel and supported by OCRP has been a fundamental feature of good governance at ADB. The compliance review phase of the Accountability Mechanism offers reassurance to all ADB stakeholders that ADB is prepared to undertake an independent investigation and to review all eligible allegations of noncompliance and, where appropriate, to accept recommendations for remedial measures and to monitor compliance with those recommendations for a period of at least 5 years from the date they were made. This approach has provided important lessons for borrowers, executing agencies, and ADB in relation to current and future projects and it has assisted Management in identifying steps to improve project quality and design. The technique of monitoring compliance over an extended period of time also has the potential to strengthen in-country capacity for safeguard implementation and to render longer-term benefits for affected persons.

Perhaps one of the key challenges that emerged in 2008 was to determine how best to make the Accountability Mechanism more widely known by all stakeholders and how to make the process more accessible in appropriate cases. Some commentators offered an observation during 2008 that the small number of current compliance review cases may indicate that ADB's policies, procedures, and project preparation are working well and are free of complaints. While this is an attractive supposition, the relevance of the Panel should not be judged by the number of compliance cases initiated, and in any event, there may be several explanations for this trend. It may be that the compliance function is not widely known or that even if complainants are aware of CRP, perhaps the rules and procedures do not encourage or facilitate filing deserving cases. It may also mean that the consultation phase administered by SPF is effectively solving problems and obviating the need for parties to seek compliance solutions. In any event, these challenges suggest that the accessibility and utility of CRP should be reviewed within the next year or so.

The occasional discussions with Board members who shared views on the role and operations of the Accountability Mechanism and on internal communications such as induction programs for new staff have proven to be effective in obtaining feedback and fostering the idea that accountability and compliance are key elements of corporate governance that offer a form of quality assurance for ADB-funded projects. Moreover, the Accountability Mechanism, particularly its compliance review phase, is an important development effectiveness tool that can help ADB staff exercise caution and skill in taking ADB policies into account, particularly safeguard policies. The lesson here is the need to reach out even further to ADB Management and staff to instill a culture of accountability across the institution and to ensure that ADB is synonymous with institutional accountability.

There is another lesson here that should be noted. While it appears that ADB staff are aware of the Accountability Mechanism including the compliance review feature and that this creates greater awareness of the need to take ADB's safeguard policies into account during

project design and conception, the two cases the CRP is currently monitoring also demonstrate that noncompliance may still occur during project implementation. This may argue for more resources to be made available during implementation to ensure compliance. In short, this focuses on accountability for compliance with ADB policies and procedures during implementation. This should be addressed in departmental retreats in order to raise awareness.

In 2008, the Panel affirmed the importance of its monitoring mandate. Since its creation, CRP has carefully and diligently exercised this mandate which is unique among IFI accountability systems. The monitoring experience during 2008 illustrates the added value of continued monitoring of Board-approved recommendations. Progress has been made in compliance; some of that progress may well be attributable to the interaction between CRP and Management that requires annual reports on the progress of implementing recommendations.

As stated at the outset of this report, good governance has become and will continue to be even more important in future, especially against the background of Strategy 2020 and the global financial crisis. ADB may anticipate that this emphasis on governance, accountability, and compliance, including the role and performance of the Accountability Mechanism will continue in 2009 and beyond.

During 2008, it became clear that the review of the Accountability Mechanism required under the current policy is overdue and should now be planned to commence in 2009, perhaps after the completion of the safeguard policy update. Some elements of the existing policy have been questioned. For example, some members of the Panel have raised concerns as to whether the current procedures requiring affected persons to pursue a case with OSPF before launching a complaint to the Panel alleging noncompliance may well deprive those affected persons of their legitimate rights. Such issues will need to be explored as part of the review.

Also, some of the external outreach activities in 2008 revealed different levels of understanding and expectations about compliance review at ADB from NGOs,

governments, development partners, and private sector representatives. Questions ranging from administrative concerns, such as the cost of launching a complaint, to monitoring concerns, such as how to ensure the successful implementation of remedial actions, were raised during external briefings. These outreach experiences should be taken into account when preparing the next generation of outreach programs. Given the importance of accountability, the need for effective communication cannot be over emphasized.

A number of instances in 2008 served to remind ADB of the importance of confidentiality under the Accountability Mechanism. While no serious breaches of confidentiality occurred, it is timely to remind all parties that complainants are entitled to protect the confidentiality of their sources, their information, and their identities if requested.

In 2008, OCRP determined that there is a need to adopt procedures to ensure the continuous improvement of the quality of the Panel's public materials, including the need to upgrade the CRP website and all of its published materials from time to time.

Budget

Total expenditures in 2008 amount to \$752,244, comprising \$362,513 for the CRP and \$389,731 for OCRP. These expenditures include the monitoring works for the Chashma and STDP projects, CRP meetings in Manila, outreach activities, reprinting and translation of information brochures, and administrative expenses.

The Compliance Review Panel

Mr. Augustinus Rumansara, Chair, 2003–2008



Mr. Rumansara, an Indonesian national, is the first CRP Chair. Prior to his appointment as CRP Chair, he was vice-president, Integrated Social Strategy, with BP in Indonesia; bioregional director at the Worldwide Fund for Nature from 1998 to 2001 and director at the Foundation for Entrepreneurship Initiative Development in Irian Jaya, a microenterprise development NGO in Indonesia.

Mr. Antonio La Viña, Member, 2007–2012



Mr. La Viña is a Philippine national who is presently the Dean of Ateneo School of Government, Philippines and Philippine country representative for Ashoka: Innovators for the Public. He has held key senior positions in many international and Philippine organizations that deal with the environment, biodiversity, sustainable development and law.

Ms. Anne Deruyttere, Member, 2008–2013



Ms. Deruyttere is a national of Belgium who has more than 25 years of wide-ranging policy and hands-on experience in the field of indigenous peoples' rights, involuntary resettlement, ethnodevelopment and social safeguards. She is presently a consultant with the World Bank, the International Fund for Agriculture Development, and the German Technical Cooperation Agency.

Secretary CRP and Head of OCRP also Secretary of the Board Compliance Review Committee

C.R Rajendran (to 7 November 2008)

Bruce A. Purdue (from 15 December 2008)

Associate Secretary, CRP

Suresh Nanwani (to June 2008)

Dewi N. Utami (from 22 September 2008)

Compliance Coordination Officer

Marie Antoinette Virtucio (to 30 June 2008)

Teresita S. Capati (from 15 September 2008)

Senior Compliance Program Assistant

Josefina Miranda

Executive Assistant

Josephine Vargas

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries substantially reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two thirds of the world's poor: 1.8 billion people who live on less than \$2 a day, with 903 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

Office of the Compliance Review Panel

Bruce A. Purdue
Secretary

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